

DOING BUSINESS IN AFGHANISTAN

A COUNTRY COMMERCIAL OVERVIEW

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Prepared by

**Embassy of the United States of America
Economic/Commercial Section
Kabul, Afghanistan
Great Masood Road
Tel: [93](2)
230-0436, 230-0549, 230-0521**

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Executive Summary

The government of Afghanistan faces the Herculean task of transforming an economy that passed through a Communist regime, a civil war, and the extremist Taliban regime in succession. In April 2004, President Hamid Karzai declared that Afghanistan is "open for business." The legacy of the Soviet occupation is that the country is in the process of transitioning from a state-based economy to one grounded in market principles. At the same time the government must provide basic social and humanitarian aid to a rapidly growing population with some of the worst social indicators in the world. The government must also work quickly to rebuild the country's physical infrastructure, which has been largely destroyed. There is a serious shortage of trained personnel in the government and among the workforce. In the midst of all this, the security situation in Afghanistan is still tenuous and is a critical factor affecting politics, governance, and business. U.S. firms interested in business development in Afghanistan should closely monitor the current security environment.

Afghanistan is in the midst of a fundamental political, economic, and social transition following nearly 23 years of war and upheaval.

A significant international effort to help reconstruct Afghanistan is underway, led by the United States and other international donors. At the March 2004 Berlin Donors' Conference, donors pledged \$8 billion over the next five years. The United States' reconstruction efforts, managed by the U.S. Agency for International Development (USAID), will total around \$1.2 billion in 2004. Substantial opportunities for U.S. firms are linked to the donor reconstruction effort. U.S. firms are advised to monitor programs established by international financial institutions such as the World Bank and the Asian Development Bank as well as projects driven by the U.S. government. Management of the reconstruction effort is an enormous challenge in light of the limited technical capacities of the government and the large number of donors and implementing agencies -- several hundred organizations are involved in this massive effort. International organizations and NGOs have brought over 10,000 foreigners to Afghanistan.

The nascent commercial banking system, shortage of proper telecommunications, underdeveloped transport links and a weak legal system make this a challenging market, but the enormous needs in these areas offer substantial opportunities for U.S. business to participate in the country's progress. The economy is growing steadily and the capital city Kabul is filled with signs of commercial activity, including the building of two new hotels and an industrial park. Its history and location offer Afghanistan the potential to be a vital trade and transit hub for the region.

Afghanistan: The Basics

Afghanistan, a country slightly smaller than the size of Texas, is landlocked, being surrounded by Iran, Turkmenistan, Uzbekistan, Tajikistan, China, and Pakistan. While there is a shortage of precise population and economic data, the present in-country population is estimated at 25 million. Afghanistan's various ethnic groups have a

profound impact on its political, social and business fabric. The mix includes Pashtuns (38%, est.), Tajiks (25%, est.); Hazaras (19%, est.), Uzbeks, Turkmen, and other minor ethnic groups. Kabul, Afghanistan's capital, has over three million people. Other major cities including Kandahar (pop.322,000), Herat (305,000), Mazar-i-Sharif (268,000) and Jalalabad (140,000). Afghanistan's 20-plus years of conflict generated the largest refugee outflow in the world, with, at its peak, nearly six million refugees living primarily in Pakistan and Iran. About half of these have returned since 2001. The primary languages are Dari (Afghan Persian) and Pashtu. Most of the country sits at high altitude and features an arid climate with hot summers and cold winters. The Hindu Kush mountain range runs from northeast to southwest through the middle of the country.

A 1978 communist coup and the December 1979 Soviet invasion of Afghanistan began a period marked by dramatic economic decline, social upheaval, and bloodshed. The departure of Soviet forces in February 1989 began a period of civil war through 1996. In September 1996, the Taliban came to power (although civil war continued), beginning a period of deep international isolation, further economic decline, and another exodus of Afghans to neighboring countries. Dramatic changes have taken place in Afghanistan following the terrorist attacks of September 11, 2001. The military intervention of U.S.-led coalition forces resulted in the ouster of the Taliban in late 2001. This led to the formation of a provisional government (the TISA - Transitional Islamic State of Afghanistan), the beginning of a massive reconstruction effort, and an extensive U.S. and international presence to support Afghanistan's economic recovery.

Political Snapshot

Following the rout of the Taliban in 2001 to 2002 and the establishment of an interim government committed to a democratic system of government, major steps were taken to extract Afghanistan from its international isolation. Afghanistan had an interim government from 2002 until 2004, led by Hamid Karzai. Mr. Karzai won the presidential election in October 2004. The relatively peaceful elections, in which some 10 million people voted, represented a milestone for the Afghan people. Parliamentary elections are scheduled for Spring 2005. The government still faces a monumental task of reconstruction, including strengthening the security situation country-wide, provision of basic human needs to the population, development of a functioning government, absorption of up to 3.5 million refugees returning from abroad, and reintegration of Afghanistan into the global marketplace.

Economic Snapshot

Afghanistan is one of the world's poorest countries and now needs to rebuild an economy largely destroyed following extended war and unrest. While significant challenges remain, during the last two years, Afghanistan has scored notable successes on the economic front. The country has:

- Achieved a remarkable level of growth – an estimated 16% growth rate for 2003-2004, following a growth rate of 20% for 2002-2003, *

- Maintained a high degree of macroeconomic stability with inflation at less than 10%*, and
- Successfully introduced a new, freely-exchangeable currency -- the Afghani -- which has experienced relative stability and a good degree of confidence.

(*Figures from the International Monetary Fund.)

Economic statistics on Afghanistan are not reliable. According to the International Monetary Fund, the gross domestic product (GDP) is estimated at \$4.4 billion, and GDP per capita at about \$250 per year.

Afghanistan's economy is primarily made up of agriculture (65% of GDP), light industry (20%) and trade.

Afghanistan used to be the world's largest exporter of raisins, and was a major producer of grain, barley, grapes, melons, and dried fruit. USAID-led programs to expand credit and markets for Afghan farmers are underway. Afghan carpets, world famous for their quality and craftsmanship, represent a major opportunity to develop hard currency export earnings. Afghan carpets often fetch thousands of dollars via specialty dealers in the U.S. and Europe. There is a need, however, for more washing and processing facilities in Afghanistan. Other light industries include leather processing, precious and semi-precious stones and marble. These sectors present opportunities for American companies, including sales and distribution, equipment, and capital investment.

Opium production makes up a large portion of Afghanistan's unofficial GDP. The United States along with its partners are addressing this problem through a combined strategy of eradication, interdiction, and alternative livelihoods.

The Ministry of Finance has embarked on an aggressive strategy to simplify and improve customs collection throughout the country, and to prevent the collection of illegal fees by regional players. Once completed, this effort will dramatically reduce the costs of transport into and within Afghanistan and will provide the government with badly needed revenue.

Energy Sector

After decades of insufficient investment, Afghanistan is seeking public and private sector capital to rehabilitate and develop its energy sector. Based on Soviet-era estimates, Afghanistan holds about five trillion cubic feet of natural gas and 100 million barrels of oil reserves. All significant oil and gas exploration and development has occurred in northern Afghanistan, particularly in the area near Sheberghan and Sar-i-Pol. Due to the use of Soviet-era technology and other factors, Afghanistan's undiscovered natural gas resource base is at least several times greater than what has been proved to date. Afghanistan currently has three gas fields under production, with output levels just a fraction of northern Afghanistan's demand requirements. Since the 1970s, various proposals have been made to build a domestic gas pipeline from northern Afghanistan to Kabul, where potential gas demand for power generation and industry could be met.

Afghanistan's power sector is in need of sizable investment, due to a combination of the direct effects of war, a lack of maintenance, and the theft of spare parts and equipment. Afghanistan has a total installed capacity of 420 megawatts (MW), most of which was built by Soviet, West German and U.S. firms in the 1960s and 1970s. In addition to generation problems, Afghanistan has severe transmission and distribution limitations. There is no national grid, so power generators in the main load centers operate independently. Afghanistan is importing increasingly large volumes of electric power from Turkmenistan, Uzbekistan, and Tajikistan. Plans to string additional and higher-voltage transmission lines between these countries and Afghanistan – particularly from Uzbekistan to Kabul – eventually could lead to the basis for the creation of a regional power grid. The Ministry of Water and Power developed a list of 58 “priority” projects. The World Bank and other organizations also have provided funding to help Afghanistan develop a Master Plan for the electric power sector.

Trade

A substantial expansion of official Afghan trading relations with its neighbors and others occurred in 2003-2004. Afghanistan currently has the lowest tariffs of all countries in the region. The U.S., EU, Japan and India all extended Generalized System of Preference-type trade privileges to Afghanistan in 2003, providing ample scope to favorable Afghan export potential. In addition, the government concluded two trilateral transit and trade agreements (Afghanistan-Iran-India and Afghanistan-Iran-Tajikistan) and four bilateral transit and trade agreements (with Iran, Turkmenistan, Uzbekistan and India). Pakistan is Afghanistan's largest trading partner, although legitimate trade has been hampered by rampant smuggling (including re-export of products into Pakistan) and trade barriers against Afghan products and trucks. Recently, however, the two governments have agreed to lower tariffs on Afghan products and are working to reduce re-exportation. Border crossings remain cumbersome, but USAID and World Bank programs seek to upgrade border stations. There is significant trade with Iran through Herat and other towns on the Western border. Trade with other neighbors, including Turkmenistan, Uzbekistan, Tajikistan and China, is growing slowly, although the region's governments have held a series of consultations to discuss existing barriers to trade. With the extension of U.S. Generalized System of Preferences (GSP) duty-free privileges in January 2003, and further investment and development of the Afghan private sector, US-Afghan trade can be expected to continue rising through 2004 and 2005.

Transport Sector

Transportation is a major obstacle to increased commerce in this landlocked country and is a major element of the reconstruction effort. Transportation is very difficult given the basic absence of road and rail infrastructure, with only 15 miles of railroad and less than 2,000 miles of paved roads at the beginning of reconstruction efforts. Major highway construction is underway throughout the country, including the construction of a ring road circling the country and linking it to neighbors. The U.S.-Japan-Saudi Arabian effort to rebuild the Kabul-Kandahar-Herat portion of the national ring road has made substantial progress. The first paving of the Kabul-Kandahar Road is complete, and the road is open for traffic. The Asian Development Bank is currently concluding plans for the construction of the northern portion of the ring road (from Herat to Pol-e Khomri), as well as for construction of the road linking Kandahar to Spin Boldak at the

Afghan-Pakistani border. The World Bank project to link Kabul and Konduz, with an extension to the Afghan-Uzbek border at Shirkhan Bandar, is also underway. The EU and Pakistan are building a road from Kabul to the Torkham border crossing with Pakistan. Iran is improving upon the existing heavily traveled road between Herat and the Islam Qala border crossing. Finally, the most recent road project under consideration is an Indian-built road linking the town of Delaram (on the southern portion of the ring-road between Herat and Kandahar) and the Zaranj border crossing. The reopening of the Salang Tunnel in 2002 was a major step forward to open road links with northern Afghanistan and to improve road commerce. The Amu Darya (Oxus) River, which forms part of Afghanistan's border with Turkmenistan, Uzbekistan, and Tajikistan, has barge traffic. The reopening of the Termez-Hazarey bridge in 2002 opened links to Uzbekistan.

Kabul International Airport (KBL) renovation will continue through 2005 with upgrades to the runways and terminals. A number of international passenger and cargo flights service Kabul via Istanbul, Dubai, Baku, and Islamabad. The carriers include Azerbaijan Airlines, Pakistan International (PIA), Kam Air, and the UN Humanitarian Air Service (which has many restrictions). Further liberalization and expansion of the civil aviation sector is needed to satisfy the country's air transport needs. Americans are urged not to fly the Afghan national carrier Ariana because of its numerous shortcomings in areas of safety and security.

Other General Information

The official Afghan currency is the afghani. Since conversion from the old afghani in 2003, the currency has remained relatively stable and currently trades at about 45 to the U.S. dollar. The Central Bank holds a weekly currency auction. The afghani is freely convertible within Afghanistan.

Unemployment is a major concern, with rates running as high as 50% in Kabul and even higher outside of the capital. The average monthly salary in Kabul is about US\$75-100 per month, with wages much lower outside the capital. English-speaking Afghan professionals are in short supply, but returning Afghan expatriates from neighboring countries may alleviate this situation in the shorter term.

Privatization has been slow but remains an objective of the Afghan government and donors. This said, there are nearly 80 state owned enterprises that have been fully evaluated and are prepared for privatization if and when the government moves forward with a privatization program.

There are just 12,000 functioning telephones in Kabul, a city of three million. There are two wireless service providers, the American firm Afghan Wireless Communications Company (AWCC) and Roshan, an Aga Khan-Alcatel led consortium. The wireless sector is growing rapidly and both companies plan expansion. Roshan operates in several major provincial centers and has good coverage in the North of the country. Both firms anticipate greatly improved internet service capacity.

We encourage potential American investors to view commercial opportunities in Afghanistan as part of those within the larger Central Asian region. Afghanistan is

geographically well placed to facilitate trade and transport within the region. In many sectors, from energy to transport, investment in Afghanistan makes more sense when viewed as part of a larger regional strategy.

Commercial Environment

Afghanistan is working to establish the commercial infrastructure and institutions necessary for modern international business.

Commercial Banking

Six private commercial banks operate in Kabul: Standard Chartered (UK), the First Microfinance Bank of Afghanistan (an Aga Kahn/IFC joint venture), National Bank of Pakistan, Habib Bank (Pakistan), the Afghan International Bank (an ING-sponsored enterprise with American equity), and the Afghan-owned Kabul Bank. Six parastatal banks are being reshuffled into two. The Central Bank of Afghanistan (Da Afghanistan Bank) continues to perform some commercial banking responsibilities, including issuance of letters of credit and electronic funds transfers. The banks perform trade financing but have not yet moved substantially into commercial or private lending.

Legal and Regulatory Environment

The September 2002 ["Law on Domestic and Foreign Private Investment in Afghanistan"](#) made no distinction between foreign and domestic investors and seeks to apply international standards to accounting, capital transfer and dispute resolution. Investments (but not land) in Afghanistan can be 100% foreign owned and foreign investors do not need to secure an Afghan partner. The [Afghan Investment Support Agency \(AISA\)](#) serves as a "one-stop shop" for investors to gather necessary documents and answer questions for launching an investment venture in Afghanistan.

Work continues with donor assistance on a wide range of commercial and trade legislation, including customs, tax, civil code, and other areas affecting business. The legal system, including arbitration of commercial matters, is only beginning to rebuild and at this writing, does not play a role in adjudicating business disputes. Perhaps more daunting to international business operations, Afghanistan faces a severe shortage of qualified legal practitioners capable of providing detailed consultation on the legal requirements of establishing and conducting business operations in Afghanistan. It is hoped that the work of the Judicial Commission and other judicial and regulatory consultative bodies, which are currently assisting in the drafting of a myriad of new Afghan laws, will help establish a foundation of commercial law.

Conducting Business in Afghanistan

Business development in Afghanistan is challenging for those with little emerging market experience. Basic tools of doing business – from telecommunications to local staff to a decent hotel room – are in short supply and only now beginning to make the steep climb to international standards. Decision-making in the Afghan government is slow, bureaucratic, and at times non-transparent. Given the transient security situation throughout the country, there is a shortage of insurance options for transporters and investors.

Strong local knowledge is a vital part of business development in Afghanistan. It is important to know the players, their relationships with the government and throughout the country, and their ability to do business with U.S. firms. Formal distribution and sales channels as known in the west do not exist in Afghanistan. Establishing an office remains more of an art than a procedure, and market savvy Afghans can help with the bureaucratic registration process. There are three independent business associations in Kabul: the Afghan-American Chamber of Commerce, the Afghan International Chamber of Commerce, and the Afghan Builders Association. Several joint ventures are underway with U.S., Pakistani, UAE, Turkish, Iranian and other international firms. In April 2004, ground broke on the new Hyatt Hotel near the International Airport and the U.S. Embassy. In the summer of 2004, work began on an industrial park on the outskirts of Kabul, which will house some 40 enterprises beginning in 2005. Two more industrial parks are planned, one in Kandahar and one in Mazar-i-Sharif. In November 2004, the Ministry of Commerce hosted its first International Trade Expo in Kabul. Over 500 Afghan, Iranian, Turkish, Dubai-based, and German companies displayed their goods and services at the Trade Expo.

A large part of the economy still resides in informal trade, often by people who travel back and forth to Iran and Pakistan. Spurred by reconstruction efforts, several U.S. companies have on-the-ground agents and distributors capable of advancing their interests in Afghanistan.

As of this writing, there were no known marking and labeling requirements. However it is wise to have at least some Dari translation on any product intended for sale in Afghanistan. Few native Afghans speak English, but many returning expatriate Afghans speak English or German. Dari (Afghan Persian) and Pashto are the primary languages in Afghanistan. A reliable interpreter, guide, and advisor are the first order of doing business in Afghanistan whether in-country or offshore. While rates vary widely, educated Afghan professionals, fluent in English, Dari and Farsi, earn up to US\$1,000 per month, paid in cash dollars. For travel within Kabul, a car and driver (no English) will run up to US\$30 to \$50 per day. Government ministries operate Saturday through Thursday from 8am to 4pm and are closed on Fridays. Commercial shops keep longer but varying hours, usually from 7am to 11pm.

Steps to Obtaining a Business License

The Afghan Investment Support Agency (AISA – www.aisa.org.af) will assist you with the following procedures:

1. Filing the Investment Application Form and Application form for Tax ID Number
2. Registration of Investment Application Form in the special registration book + computerization of data.
3. Responsible Investment Manager will:
 - Provide necessary guidance on the basis of business plan
 - Clearly review the project documents to assure that it's within the country's legal framework.

4. Registration of investment documents in Commercial Court and Announcement of investors' business/investment details in a reputable Afghan newspaper
5. License Fee + Issuance of Investment License

Notes:

- a. The Investor is only involved in the 1st and 5th steps of the registration procedure.
- b. The Afghanistan Ministry of Foreign Affairs asks that you have a company introduction letter. As the embassy cannot write a letter due to lack of capacity, we suggest that you bring an introduction letter of your company from the State where your company is registered. Having an introduction letter is THE key to getting license alongside the other pre-requisites.

The Afghan Investment Support Agency is your one-stop resource for establishing an investment venture.
www.aisa.org.af

Selected Overview of Key U.S. Government and Donor Activities

The Afghanistan Reconstruction Group (ARG)

The challenges and the enormity of assisting the Afghan people with the reconstruction of their country require an innovative approach by the United States Government. The Afghanistan Reconstruction Group (ARG) at the US Embassy, Kabul, plays a key role in both defining and leading the Mission's response to that challenge. The ARG is a unique, expert based resource, staffed with leading private sector executives and professionals (on temporary assignments with the State Department), who serve as Senior Advisors to the Special Presidential Envoy and Ambassador, agencies and departments of the United States Government, the Transitional Islamic State of Afghanistan and its donor entities. As Senior Advisors they represent a broad array of specialized, highly applicable skills acquired during their rise to top positions in manufacturing, transportation, law, finance, banking, education, health care, natural resources, privatizations, private sector development and agriculture sectors. The ARG works closely with USAID, and all other Mission offices, as well as the Combined Forces Command (CFC) to conceive, shape and execute the most effective programs for the United States contribution to the reconstruction effort underway in Afghanistan. Each ARG Senior Advisor plays a significant role in the rebuilding of Afghanistan and their personal commitments reflect the sincerity of the American peoples' desire to help South Asia's newest democracy.

U.S. Agency for International Development (USAID)

USAID has taken a leading role in Afghanistan's reconstruction effort. USAID focuses on health clinics and basic health services, school construction and education programs, revitalizing agricultural through irrigation systems, farm-to-market roads, market centers, and better technology, and infrastructure, including the Kabul-Kandahar-Herat highway. USAID is also funding programs that enhance the central

government's credibility and provide it with the tools and technical assistance to govern effectively.

The USAID Web site, www.usaid.gov, has a business and procurement link that lists upcoming procurements including solicitation documents, announcements, and other resources. This site is updated daily and offers e-mail notification when a new solicitation has been uploaded to the site. U.S. firms interested in bidding on USAID projects in Afghanistan can review requests for applications, proposals, quotations and invitation for bids on this web site. U.S. firms should also review the main portal for U.S. government procurements at www.fedbizopps.gov.

Overseas Private Investment Corporation (OPIC)

OPIC, an independent agency of the U.S. government, offers specialty insurance (stand alone terror/sabotage and political risk coverage) and loans to help U.S. businesses of all sizes invest and compete in more than 140 emerging markets and developing nations worldwide. A \$100 million line of credit is available to projects that demonstrate a substantial U.S. participation, promise significant benefits to the economic and social development of Afghanistan, and foster private sector competition in Afghanistan. OPIC gives preferential consideration to projects that significantly involve U.S. small businesses. OPIC is actively developing several projects in Afghanistan. For example, OPIC provided up to \$35 million in financing and political risk insurance to support construction of a five-star international hotel in Kabul, managed by Hyatt International, and a direct loan of approximately \$3 million to support construction of 1,200 homes near Kandahar by a small American company. For more information, please visit www.opic.gov.

OPIC offers a \$100 million line of credit to support U.S. investment in this country.

U.S. Trade and Development Agency (USTDA)

The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing and middle-income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. USTDA moved quickly to establish its program in Afghanistan, and already has approved funding of about \$5 million for activities in that country. USTDA has financed projects in telecommunications, civil aviation, oil and gas, higher education, private sector development, and power. USTDA's website is www.ustda.gov.

Export-Import Bank of the United States

Export Import Bank is not currently open for business in Afghanistan but has visited Afghanistan to survey future opportunities.

U.S. Department of Commerce's Afghanistan Investment and Reconstruction Task Force

To facilitate U.S. company participation in the Afghanistan reconstruction effort, the U.S. Department of Commerce created the Afghanistan Investment and Reconstruction Task Force to support U.S. private sector involvement in reconstruction and to contribute to

U.S. government efforts to promote bilateral trade and investment. The Task Force has information on [market opportunities](#), which can be located on the task force web site, www.export.gov/afghanistan. While Afghanistan reconstruction projects may provide U.S. companies with commercial opportunities, they also carry risks, not only financial, but also physical, due to the lack of security in many areas. Interested U.S. companies can call (202) 482-1812, visit the web site www.export.gov/afghanistan, e-mail questions to AfghanInfo@ita.doc.gov for business counseling on opportunities in Afghanistan, or contact the U.S. Embassy in Kabul. For more information, please see the key contacts section below.

The World Bank

In February 2002, the World Bank reopened its office in Kabul, where a country manager and a permanent staff of around 20 are now stationed. The Bank has been working closely with the government and bilateral and multilateral development agencies to help ensure that international assistance is well coordinated and efficient.

In addition, the World Bank administers the multi-donor [Afghanistan Reconstruction Trust Fund](#), which provides coordinated financing of unfunded priority expenditures in Afghanistan's reconstruction program. Projects can be tracked at www.dgmarket.com.

For more information, please visit www.worldbank.org/af or contact William Crawford, U.S. commercial liaison at the World Bank: tel (202) 458-0120, fax: (202) 477-2967, e-mail: wcrawford@worldbank.org.

Asian Development Bank (ADB)

The ADB's Board of Directors endorsed a Country Strategy and Program (CSP) for Afghanistan for 2002-2004 paving the way for delivery of a \$200 million assistance package earmarked for 2002, and an allocation of \$300 million during 2003-2004. The funds will support national reconstruction, including capacity building, rehabilitation of physical infrastructure, roads, regional airports, revitalizing agriculture and rural development, private sector development, social development and gender empowerment.

For more information on ADB activities in Afghanistan, please go to www.adb.org/afghanistan and contact Frank Foster, U.S. Commercial Service Liaison Officer to the ADB at Frank.Foster@mail.doc.gov.

☒ Given the major donor effort in Afghanistan, U.S. firms should also look to other potential project funding and contracting opportunities, including the United Nations, the International Finance Corporation, and non-governmental organizations.

Best Prospects for U.S. Suppliers

Commerce is growing almost daily on Afghanistan's streets, mostly confined to store front and informal roadside trading. Afghanistan's need to completely renovate its infrastructure presents opportunities for American firms. Based on an informal study of the market in Kabul, the following U.S. goods and services appear to have strong

demand. This list is not prioritized. However it does convey the broad, extensive nature of the potential import market in Afghanistan. For more information on these opportunities, contact the U.S. Embassy's Economic Section or the Commerce Department's [Afghanistan Investment and Reconstruction Task Force](#).

Business opportunities are driven by the overall rebuilding effort, donor assistance, and the ability of U.S. firms to participate in larger projects.

Short-Term Opportunities

- Architectural, construction, and engineering services
- Building materials for both residential and commercial properties
- Computer hardware, software and peripherals (to include Dari language capability)
- Telecommunications services and equipment
- Diesel generators for independent power supply
- Education/Training Services
- All consumer products
- Heavy equipment, including trucks, trailers and buses; motor graders, concrete mixers, heavy duty dumpers, paver finishers, and bulldozers
- Security and safety equipment
- Automobiles/light trucks/vans and development of dealerships for 4x4 vehicles (sales, parts, and service)
- Translation services, including simultaneous, conference style translation products.
- Office furniture

Medium-Term Opportunities

- Aircraft/aircraft parts
- Airport/ground support equipment
- Electrical power systems
- Oil and gas field machinery, oil, gas and mineral exploration and production services
- Agricultural chemicals, machinery, equipment and services,
- Food processing and packaging equipment for nuts, raisins, and other fruits
- Irrigation planning and technologies
- Road upgrades, lighting and signage
- Transportation services (other than aviation)

When considering opportunities in Afghanistan, keep the business plan simple, clear, and focused.

Hard to maintain, expensive, high technology items will not sell well in Afghanistan. Competition from lower-quality, cheaper goods and services from Pakistan and Iran should be taken into consideration when preparing quotations. U.S. firms wishing to ship goods or equipment should look at quotes for consignment to Karachi, Pakistan. While trans-shipment through

Bandar-i-Abbas, Iran, is common, U.S. citizens and entities are forbidden from doing so without written approval by the U.S. Department of Treasury's [Office of Foreign Assets Control](http://www.ustreas.gov/offices/enforcement/ofac/) (<http://www.ustreas.gov/offices/enforcement/ofac/>).

U.S. Embassy Kabul

The United States Embassy in Kabul is located on Great Massoud Road, close to the International Airport and downtown. The Embassy includes a USAID mission, an Economic/Commercial Section, and a small Consular Section. The Consular Section does not provide visa services at this time, and its ability to provide emergency consular services to U.S. citizens in Afghanistan is limited. Afghan authorities can provide only limited assistance to U.S. citizens facing difficulties. The U.S. Embassy in Islamabad, Pakistan, provides most routine consular services to American citizens traveling to Afghanistan. U.S. citizens who choose to visit or remain in Afghanistan are urged to pay close attention to their personal security. Americans in Afghanistan should avoid rallies or demonstrations. All U.S. citizens remaining in Afghanistan or planning to travel to the country are strongly urged to register with and obtain updated security information from the American Embassy in Islamabad, Pakistan, the U.S. Consulate in Peshawar, or the Embassy in Kabul. Contacts are provided at the end of this overview.

Business Travel Tips for Kabul

Business Customs

Business meetings are usually conducted in English, Pashto or Dari in the principal's office, often while sitting on couches. Green or black tea, nuts and raisins are served to greet guests. The form of greeting is "Asalam Aleikum" (Peace be with you), followed by a firm handshake and then, for courtesy and to pay homage to the host (you don't necessarily have to), briefly placing your right hand over your heart. It is best to take some minutes initially to engage in pleasantries about each other's country, rather than going straight to business. It is rare, but possible, that the Afghan interlocutors appear vague and non-committal during meetings. In order to build trust and "get to yes," be patient, share meals and other social events, and discuss matters other than business. Capture the essence of your business meetings and agreements in a follow up letter to your Afghan interlocutor. Be clear about what you have committed yourself or your U.S. firm to do, or in many cases, have not committed to do. A promise to "look into" or "research" an issue, quote, or pricing policy is often interpreted here as a firm commitment.

For a nuts-and-bolds guide to a successful start to business operations, read the [U.S. Embassy's Business Primer](#).

Some DO'S and DON'TS in Afghanistan (From an Afghan Friend)

- a. Don't show impatience if your interlocutor isn't giving you direct answers and tends to elaborate and talk more on a matter. Usually Afghans like to talk a lot and want to be very clear at what they are trying to say.
- b. Don't panic. Afghanistan's government is bureaucratic. It may take you several days to only get a simple authorization signed. However, you should know that the

Afghanistan government is working to reform its laws. The Ministries of Commerce and Finance have been leading in this era.

- c. Don't blow your nose while sitting in a meeting or a gathering, especially when a meal, snack or tea is served. Though you will never see a sign of displeasure shown at this action of yours, it may indirectly leave a bad impact on your interlocutor.
- d. Don't call an Afghan "Afghani." Remember, Afghani is the currency, Afghans are the people of Afghanistan, and Afghan is an adjective as in "Afghan carpet."
- e. Don't remind Afghans that two plus two is four. They know that the country is poor and lacks basic infrastructure. Don't show surprise at the shortage of modern technology and services. If you do so in front of an Afghan, who has suffered through war, or has been out in Pakistan or Iran, then, you have opened a can of worms for yourself.
- f. Do read about the country's history, culture, and people before you come to Kabul, as it will give you a great appreciation for Afghans' strength of character

Traveling In and Around Afghanistan

Americans intending to travel to Afghanistan should carefully review the security situation and make travel decisions accordingly. Street crime against foreigners is still the exception rather than the rule, but foreigners make for easy targets given their prominence and perceived wealth. If out in the city, travel in pairs, be aware of your surroundings, and be in before dark.

Air transportation to Kabul is currently provided by Ariana, Azerbaijan Airways, Pakistan International (PIA), Kam Air, and the UN Humanitarian Air Services (limited seats and other restrictions). Express mail services are offered by Federal Express, DHL and TNT.

Cash U.S. dollars and afghani (Afs) are widely used as currency. Checks and credit cards are not accepted in Afghanistan. The Intercontinental Hotel is currently the only suitable hotel in Kabul for business travelers. However, projects to build new hotel accommodations or renovate existing hotels are currently underway and there are numerous comfortable "guest houses" in the pleasant Wazir Akbar Khan neighborhood, close to most embassies and international organizations. Taxis around town should range between Afs 40 to 80 (\$0.50 to \$1.00) per trip, but a dedicated car and driver are recommended. Afghanistan observes a five and a half day work-week, with Thursday afternoon and Friday as the days off. Saturday and Sunday are regular trading days.

Popular restaurants include Shandiz (Persian), Lai Thai, Haji Baba's, B's Place, Anaar (Indian), The Elbow Room, Deutcher Hof, Politano's and Delhi Darbar. More restaurants are opening on a weekly basis to serve the growing expatriate population in Kabul. The tap water is not potable in Afghanistan; only bottled water should be consumed. As Afghanistan is an Islamic country, alcohol is usually not sold or served in restaurants or hotels. Some restaurants catering to the expatriate population will sell alcohol to foreigners. As large parts of Kabul have been destroyed by war, acceptable

housing is at a premium, with rents often going for several thousands of dollars per month.

The weather in Afghanistan is very dry, with summer highs into the 100s F and winter lows into the 20s F with snow. Kabul is very dusty, and shoes and clothes are difficult to maintain. Western-style medical care is not available in Afghanistan. Travelers should bring all necessary medications, both prescription and over-the-counter. Travelers with chronic medical conditions should defer travel to Afghanistan. Afghanistan is in a malarial zone. It is on a 220v, 60 cycle electrical system, using European round, two-prong plugs. For more information on travel and medical conditions in Afghanistan, visit www.travel.state.gov and www.cdc.gov/travel.

Travel Warning for Afghanistan

While the U.S. Embassy in Kabul encourages U.S. companies to review business opportunities in Afghanistan, it is important to keep in mind the fluid security situation in the country. Travelers should consult the State Department Web site (www.state.gov - see Consular Information Sheet and Travel Warning Page) prior to any travel.

Key Contacts

U.S. Government Contacts

U.S. Department of Commerce

Jay Brandes
Afghanistan Investment and Reconstruction Task Force
Washington D.C. 20230
Tel: [1] (202) 482-1812
Fax: [1] (202) 482-0980
E-mail: afghaninfo@ita.doc.gov
Web site: www.export.gov/afghanistan

U.S. Embassy Kabul

Great Masood Road
Tel: [93](2) 230-0436, 230-0549, 230-0521
Inmarsat Tel: [873](761) 83-79-27
Inmarsat Fax: [873](761) 83-73-74

Zalmay Khalilzad, Ambassador
Richard Christenson, Deputy Chief of Mission
Hanscom Smith, Political/Economic Counselor
Robert W. Gerber, Economic/Commercial Officer, GerberRW@state.gov
Nasrat Esmaty, Economic/Commercial Assistant, EsmatyNW@state.gov

Louis R. Hughes
Chief of Staff, Afghanistan Reconstruction Group (ARG)
Tel: [93] (20) 230-0436 x4734
Cell: [93] (20) 03-5195

Note: Phone and fax communications in Afghanistan can be accessed.
However, e-mail remains to be the most reliable form of communication.

U.S. Embassy Islamabad

Consular Section
Ramna 5, Diplomatic Enclave
Islamabad, Pakistan
Tel: [92] (51) 208-02700
Fax: [92] (51) 282-2632
Web site: <http://usembassy.state.gov/islamabad/wwwhcvsp.html>

U.S. Trade & Development Agency (USTDA)

Dan Stein
Regional Director for Eurasia
Suite 1600
1000 Wilson Boulevard
Arlington, VA 22209
Tel: [1] (703) 875-4357
Fax: [1] (703) 875-4009
E-mail: dstein@tda.gov
Web site: www.ustda.gov

Overseas Private Investment Corporation (OPIC)

Abed Tarbush
1100 New York Avenue NW
Washington, DC 20527
Tel: [1] (202) 336-8400
Fax: [1] (202) 408-9859
E-mail: atarb@opic.gov
Web site: www.opic.gov

U.S. Agency for International Development

Web site: www.usaid.gov/afghanistan

USAID Economic Governance Program

Ed Elrahal
Chief of Party, Economic Governance Program
USAID - BearingPoint
Kabul - Afghanistan
Tel: [93] (0)79 326 399

Afghan Government Contacts

Embassy of Afghanistan

2341 Wyoming Avenue, N.W.
Washington D.C. 20006
Tel: [1] (202) 483-6410

Fax: [1] (202) 483-6487
E-mail: contact@afghanistanembassy.org
Web site: www.afghanistanembassy.org

President

His Excellency Hamid Karzai
Presidential Palace
Kabul, Afghanistan

Minister of Foreign Affairs

Dr. Abdullah Abdullah
Kabul, Afghanistan
Tel: [93] (20) 210-3064 (Protocol Dept.)
Inmarsat Fax: [873] (762) 32-14-51

Minister of Finance

Dr. Anwar ul-Haq Ahadi
Kabul, Afghanistan

Baqer Massuod, Minister's Secretary
Tel: [93] (0)70 293-475, [93] (20) 2102099
E-mail: baqer.massoud@afghanistangov.org

Minister of Commerce

Hedayat Amin Arsalsa
Karti Sey
Kabul, Afghanistan
Mobile: [93](0)70 276-290
Inmarsat Fax: [873] (763) 090 711

Shafic Gawhari, Chief of Staff
Tel: [93] (0) 70224809
E-mail: shafic.gawhari@gtz.de & commerce@mail.gr

Afghan Investment Support Agency

Mr. Noorullah Delawari
President & CEO
Opposite Ministry of Foreign Affairs
Kabul Tel: [93](20) 210-3220
Fax: [93] (20) 210-3228
Mobile: [93] (0)79 339-555
Web site: www.aisa.gov.af
Email: delawari1@aol.com & invest@aisa.gov.af

Ms. Masouda Delawar
Assistant to Mr. Delawari
Mobile: [93] (0)70 293-173
Email: M.H.A@aisa.org.af

Mr. Suleman Fatimie
General Manager for Investment
Mobile: [93] (0)79 336-616
Email: fatimies@aisa.org.af

Mr. Mohammad Sharif
Investment Manager (Agriculture, Livestock, Water and Power, Banking and Environment)
Mobile: [93] (0)79 336-529
Email: sharif@aisa.org.af

Mr. Salam Zahid
Investment Manager (Manufacturing, Industry, Trade, Transport, and Industrial Parks)
Mobile: [93] (0)79 336-527
Email: ZahedA@aisa.org.af

Mr. Naseem Akbar
Investment Manager (Public Health, Education, Media and Services)
Mobile: [93] (0)79 336-529
Email: NaseemA@aisa.org.af

Mr. Abdul K. Safi
Investment Manager (Information Technology and Construction Projects)
Mobile: [93] (0)79 336-552
Email: Abdulksafi@aisa.org.af

Mr. Baba Jan Badakhsh
Small Business Officer
Mobile: [93] (0)79 336-596

Minister of Communications

Amirzai Sangeen
Kabul, Afghanistan
Tel: [93] (20) 210-1100

Ajmal Ayan, Minister's Assistant
Tel: [93] (20) 210-2697, [93] (0)79 300-040
Email: contact@moc.gov.af

Minister of Mines and Industries

Mir Mohammed Sediq
(Across from the Ministry of Finance)
Kabul, Afghanistan
Tel: [93](20) 210-0309

Khalil Massoud, Assistant to Minister

Tel: [93] (0)79 31489

Minister of Economy

Mohammad Amin Farhang

Great Masood Road
Kabul, Afghanistan
Tel: [93] (20) 210-0328 or 210-0329

Abdul Hameed, Secretary
Tel: [93] (0)70 250-768 & [93] (20) 210-0394
E-mail: a.farhang@aia-afg.org

Minister of Tourism and Civil Aviation

Besmellah Besmel
Kabul, Afghanistan
Inmarsat Tel: [873] (763) 09-06-11
Inmarsat Fax: [873] (763) 09-06-10

Minister of Transportation

Enayatullah Qasimi
Kabul, Afghanistan
Tel: [93](20) 29-00-87
Tel: [93](20) 210-1371

Mr. Abdul Razaq Zulaaley
President of Administration & Finance
Tel: [93] (0)70 276-291
Mobile: [93] (0)79 323-665

Minister of Agriculture and Livestock

Obaidullah Ramin
Karti Sakhi, District 5 (Across from Faculty of Agriculture)
Kabul, Afghanistan
Tel: [93] (20) 250-0315

Jahed Mohseni, Advisor to the Minister
[93] (0)70 222-5068

Minister of Energy and Water

Ismael Khan
Badan Bagh
Kabul, Afghanistan
Tel: [93] (20) 240-1301
Mobile: [93] (0)70 844-844
Fax: [93] (2) 290-085

Mayor, Kabul Municipality

Ghulam Sakhi Noorzad
Kabul, Afghanistan

Khan Agha, Assistant
Tel: [93] (0)70 257-818, [93] (20) 210-1350

Other Useful Contacts

Afghanistan International Chamber Of Commerce (AICC)

Hamid Qaderi
President & CEO
Interim Board of Directors
Cell: [93] (0)70 275-352
Cell: [93] (0)79 230-787
Email: Qaderi21@yahoo.com & Aicckbl@yahoo.com

Afghan-American Chamber of Commerce (AACC)

Atiq Panjshiri
President
U.S. Tel: +1 703-658-2929
U.S. Fax: +1 703 658-9103
Email: apanjshiri@a-acc.org
Website: www.a-acc.org
Mobile: [93] (0)70 285-864 & [93] (0)70 286-103

Afghanistan Builders Association (ABA)

Abdullah Nadi
President
Apartment 1 Block 1
Wazir Akbar Khan Park (Behind W.A.K. Mosque)
Kabul, Afghanistan
Mobile: [93] (0)70 286-103

International Office of Migration (Return of Qualified Afghans – RQA)

Manfred Profazi
Program Manager
Mobile: [93] (0)70 221-253
Email: mprofazi@iomkabul.net

Shah Wali Karwal
Program Assistant
Mobile: [93] (0)79 352-102
Email: skarwal@iomkabul.net

Afghanistan Wireless Communication Corporation (AWCC)

c/o International hotel and Ministry of Communications Building
Mohammad Jan Khan Watt Kabul Afghanistan
Tel: [93] (20) 200-000

Fax: [93] (20) 200-200
Web site: www.afghanistanwireless.com

Restaurants, Hotels & Guesthouses in Kabul

Restaurants

B's Place

Restaurant & Guesthouse
House # 3, Street # 2
Qala-e-Fathullah
Kabul, Afghanistan
Mobile: [93] (0)70 276-416 & [93] (0)70 276-711
Email: b@place.as

☑ B's Place has Chinese, Greek, Italian and Afghan food. It has a separate menu for delivery too. It serves breakfasts on Fridays and Saturdays too. Has a home delivery service too.

Anaar Restaurant (Indian)

House #6, Street# 4,
Kolola Pushta, Shahre Naw (Behind UNICA Guesthouse)
Kabul
Mobile: [93] (0)70 284-315
Email: anaarkabul@yahoo.com

Popo Lano (Italian)

Charaahi Ansari (Insaf Hotel's first floor)
Shahre Naw
Kabul
Mobile: [93] (0)70 288-116 & [93] (0)79 330-954
Email: chef-nadeem@hotmail.com

☑ Serves different Italian food. Has a home delivery service too.

Deutscher Hof German Restaurant and Guest House

And Training Center for Waiters & Cooks
Gunter Voelker, General Manager
House # 60, Street # 3
Qala-e-Fathullah
Kabul
Mobile: [93] (0)70 288134 & [93] (0)70 293-530 & [93] (0)79 822-582
Email: casa-blanka-kabul@web.de

Dehli Darbar (Indian)

Ms. Konunova Madina, Coordinator
Asmat Muslim Street, Shahr-e-Naw

Kabul
Mobile: [93] (0)79 324-899& [93] (0)70 277-566
Email: delhidarbar_llc@yahoo.com

☒ Provides home delivery service.

Kabul Shandiz Restaurant (Iranian)

Rahim Ferdosi, Manager
Next to Wazir Akbar Khan Park
Street No. 15
Kabul
Mobile: [93] (0)70 284-026 & [93] (0)70 289-561

Haji Baba Restaurant (Afghan)

Across from the American Center
Turabaaz Khan Avenue
Shar-e-Naw
Kabul
Tel: [93] (2) 201-456
Mobile: [93] (0)79 202-040 & [93] (0)70 280-262
Email: hajibaba_res@yahoo.com

Hotels and Guesthouses

Kabul Inn

(Restaurant & Guesthouse)
Near Zarghoona High School
Qala-e-Fathullah Bazar
Qala-e-Fathullah
Kabul
Mobile: [93] (0)79 569-355 2201407
Email: Kabul_inn@hotmail.com

☒ Serves a variety of food and provides delivery services. Also has an internet café.

Silk Route Guesthouse

Besides Chinese Restaurant
Torabaz Khan Square
Shar-e-Naw
Kabul
Mobile: [93] (0)70 275-800 & [93] (0)79 323-077

Gandamack Lodge

Kawoos Rahman, Assistant Manager
Directorate of Passport Street
Opposite Ministry of Interior
Shar-e-Naw

Kabul
Mobile: [93] (0)70 203-982
Email: gandamacklodge@yahoo.com

☒ Provides Internet services in many rooms.

Intercontinental Hotel

Lailla Salari-Mercier, Resident Manager
Baghe Bala Road
Kabul
Phone: [93] (2) 201-324
Email: laillamercier@yahoo.co.uk
Fax: [93] (2) 2201594
Telephone Operator: [93] (2) 220-1320-21 & [93] (2) 290-043
Inmarsat Tel: [873] (761) 46-96-90
Inmarsat Fax: [873] (761) 46-96-91

Other Services

Couriers

Federal Express Mail Services

Karte 3
Khai Street (North of Ministry of Commerce)
House #326
Kabul
Tel: [93] (0)20 250-0525
Mobile: [93] (0)70 286-028/29
Fax: [93] (0)20 250-0524
Email: info@afghanex.com

DHL Express Mail Services

Wazir Akbar Khan (next to Burhanuddin Rabani's house, behind the U.S. Embassy)
Mobile: [93] (0)70 276-362, 276-363 or 276-425
E-mail: shanlon@af.dhl.com

TNT Express Mail Services

Cross road Turabaz Khan toward Charahee Sher Pur Rd. Kabul
Afghanistan
Tel/Fax: [93] (0)20 290-218
Mobile: [93] (0)70 276-503
Email: tntkbl@hotmail.com

Internet Service Providers

Ariana Telecom

Afsooter Building
Flower Street, Shar-e-Naw
Tel: [93] (0)20 210-2357
Email: sultan@arianatelecom.com.af

Ceretechs

Street no.39
Shar-e-Naw
Kabul
Phone: [93] (0)70 274-826, [93] (0)79 300-275
Email: info@ceretechs.com

Neda Telecom

Post Parcel, Fourth Floor, Ministry of Communication Building
Tel: [93] (0)20 210-3023, [93] (0)20 210-3025
Email: infor@neda.af
Website: www.neda.af

Instatelecom

Post Parcel, Ministry of Communication Building
Tel: [93] (0)20 2021-01678
Email: kabulsupport@instatelecom.com

Furniture Shops**DIN SONS Furnishing Solutions**

Contact: Shahban Shaukat
Lane # 406, Ave 6, St. 15
Wazir Akbar Khan
Kabul
Tel: [93] (0)79 361-493

Yassar Zaki Sopha & Furniture Showroom

Asmaie Wat
DeAfghanan
Tel: [93] (0)70 275-404

Computers, Printers & Copiers Shops**Aria Middle East Company Ltd.**

Charah-i-Sadarat, infront of Sedarat Gate
Kabul
Mobile: [93] (0)70 204-141

ComNet International

Turabaz Khan Road, Shahr-i-Naw
Kabul

Mobile: [93] (0)70 276-092

Stationary Shops

Baheer Stationery Store

Charah-i-Sadarat

Kabul

Mobile: [93] (0)70 276-669

Elmi Statinery Store

Charah-i-Sadarat

Kabul

Mobile: [93] (0)70 274-506